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THE DISPLACED PERSONS

by William Henry Chamberlin

The million or more European DPs, uprooted human beings without country, home or reliable means of livelihood, are one of the most tragic legacies of the late war. The very existence of such a large group of pariahs, in the fourth year after the end of hostilities, represents a double indictment.

It is a tremendous, unanswerable testimonial against the Soviet system of government, because so many of the displaced persons have deliberately chosen a bleak, cheerless exile in preference to life in a Communist-dominated country. And these hapless refugees also mirror the insufficiency and inadequacy of the social and economic systems of the free countries. For these countries, although they have provided enough maintenance to save the refugees from absolute starvation, have proved unable or unwilling to receive any large number of them as new citizens, to make use of their labor and skills.

In the more civilized era before the First World War, when freedom of movement for men, goods and ideas was the rule, not the exception, the United States sometimes absorbed in a single year a number of Europeans equal to that of the DPs. Now, after much debate, we have decided to admit 205,000 of these people during the next two years.

The fugitive from political or religious persecution is no new figure on the international scene. Aside from our own history, it is easy to recall groups that might be considered spiritual ancestors of the DPs. There were the French Huguenots who fled to Britain, Germany and the Netherlands after the revocation of the Edict of Nantes. There were the Irish Catholics who sought in the service of France and Spain opportunities denied them at home.

After the French Revolution, politics replaced religion as the main reason for driving people into exile. French emigres, with views ranging from absolute monarchism to moderate republicanism, were scattered all over Europe by the Jacobin terror. Throughout the Nineteenth Century, wars, revolutions and counterrevolutions contributed their quota of forced or voluntary refugees.

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However, there was no very big uprooting during this relatively mild and liberal era. Aside from Irish famine refugees, perhaps the largest group of Nineteenth Century DPs was composed of Poles who fled from their unfortunate country after the abortive uprising of 1830-31. The possibility of free migration to the United States was a considerable advantage both for disappointed rebels and for the much larger number of Europeans who saw a prospect of improving their condition.

II

Mass expulsion and enforced flight became more familiar after the First World War. The Russian Revolution created many more emigres than its French predecessor. Perhaps a million Russians fled from their country, making their imprint on foreign cities from Paris to Shanghai.

Greeks and Turks settled a feud of almost ten centuries' duration by a forced exchange of population which hurt the Greeks more than the Turks. It introduced into Greece a large number of disgruntled, poverty-stricken refugees who have been a source of unrest ever since.

But the barbarous practice of driving people from homes where their families had lived for centuries reached its highest development after the Allied victory of 1945. Nobody will ever know with certainty how many Germans and people of German ethnic origin were driven into shrunken, half-starved Germany as penniless refugees, and how many perished during the process. The number of surviving German refugees from east of the Oder, from the Sudetenland area of Czechoslovakia, from Poland and from various Danubian States is in the neighborhood of ten or twelve million. All these people have been crammed into the already congested strip of Western Germany and there most of them must remain.

There are also about 1,100,000 voluntary refugees, either housed in camps started by UNRRA in Germany and Austria, or living on their own resources with forged identification papers. Nearly half of these expatriates are Poles, including Ukrainians from eastern Poland. Over 100,000 come from Latvia, Lithuania and Estonia. Some 200,000 are Jews from various East European countries. Among the remainder one finds Russians, Yugoslavs, Hungarians, Slovaks and, recently, an increasing number of fugitive Czechs.

In visiting post-war Europe I have sought out representative groups. They represent a fair cross-section of trades and occupations, with a higher than average percentage of intellectuals. In Hamburg, for instance, I saw the so-called Baltic university, with a faculty of 150 and over a thousand students, all natives of the Baltic countries. It was the desire of these professors and students, working together under

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the hardest conditions and with the most meager materials, to transfer the institution to the United States.

Then there is the hard core of Poles and Ukranians who will commit suicide rather than return to Communist rule. When Soviet and Polish repatriation missions visited these camps their members had to be protected against stones and brickbats. Many of these opponents of repatriation had lost near relatives in Soviet mass deportations.

Scattered in these and other refugee groups are many young Russians who grew up under the Soviet system but have resisted all its blandishments. Among several whom I met in Paris were a well-known professor of physiology and an opera singer. Another was a former Red Army aviator. Their backgrounds were different; but they all emphasized two reasons for not returning to Russia. One was the lack of freedom, the other the grinding poverty of life under Communism.

III

When persons brought up under the Soviet system take the first opportunity to escape, there is no reason for surprise that so many natives of lands recently subjugated by the Soviet Union prefer to remain DPs. The Jews, fleeing from the scenes of old horrors and from the fear of new hostility, with hopes usually set on Palestine, belong in a special psychological category. But practically all the others are refugees from Communism.

They are participants in an impressive negative plebiscite. For it is no light matter to be a stranded fugitive in the desolate, improverished, war-wrecked Europe of the present time. It means permanent separation from family, friends and property. It means the loss of national identity and citizenship, the certainty of conditions comparable with internment and no assurance of anything better.

One does not find any former citizens of free countries among the DPs. French, Belgians, Dutch, Norwegians, who had been forced to live in Germany during the war years, all stampeded for home as soon as hostilities came to an end. That so many East Europeans stubbornly prefer DP status in Germany to the prospect of life behind the Iron Curtain, is an indisputable political fact of great significance.

It becomes doubly significant when one considers the extraordinary risks many individuals have shown themselves willing to take in order to escape. Mrs. Kasenkina's leap from a window was a relatively mild endeavor. Groups of Balts have plotted for months to cross the Atlantic in tiny sailboats; Czechs have commandeered airplanes in midflight. Germans risk everything to get into the West zones. One never hears of Germans who flee voluntarily to the Soviet zone.

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So there is one obvious moral in the DP tragedy. Communist dictatorship in Russia and in Russia's satellite States has created conditions which are worse than death for people with courage and ideals. This is a positive fact, which no amount of sophistry or propaganda can repute.

But there is a second aspect of the tragedy of these fugitives from Communism. It is the apparent inability of Western lands to admit and usefully absorb the DPs in their own economies. The flight of a million people is eloquent testimony to the evil of totalitarian tyranny. The fact that most of these people are still stranded shows an element of weakness in the countries of free enterprise. There have been periods of expansive growth when this new supply of working hands would have been considered an asset. It is not so today.

Naturally, among the DPs some are physically and psychologically unfit for useful work. But the majority would seem just as eligible for useful citizenship in the countries of North and South America as the millions of immigrants who came earlier. Present educational qualifications are probably above the previous immigrant average. It is the educated people who suffer most under Communism and Facism.

But the best America has been able to offer is the Revercomb-Wiley Act. Of the 205,000 refugees whom it will admit, forty per cent are to be nationals of the Baltic States, and of the part of Poland east of the so-called Curzon Line, thirty per cent are to be farmers. Those who were not in the camps by December 22, 1945, are not eligible for admission. A small number of expelled Germans are to be included.

This measure might well have been more generous as to the number to be admitted. On the other hand, the violent criticism levelled at its specifications seems exaggerated. Some special reparation may reasonably be considered due the former inhabitants of territory which America supinely encouraged the Soviet Union to annex, in clear violation of the Atlantic Charter. The admission of a few Germans formerly natives of other countries may also be considered inadequate atonement for the mass expulsion of these people from their homes.

As these DPs arrive, and as we get to know their quality, we shall perhaps do more to help the resettlement of other innocent victims, here or wherever economic absorption is possible.

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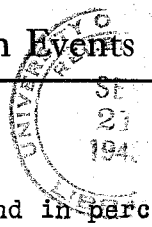
Not Merely Gossip *A Supplement to* Human Events September 15, 1948



By Frank C. Hanighen

The Republican victory in Maine, both in plurality and in percentage of total vote cast, offers great encouragement to Republican hopes for a landslide in November. The comparatively light vote cast in Maine, however, has started much discussion on the question whether a heavy vote in November will favor the Democrats -- as the Democratic high command claims -- or whether a light vote will favor the GOP. President Truman made the latter claim in his Pontiac speech on September 6.

We consulted the Republican National Committee statisticians today on the matter. They conceded that the Maine vote this year fell considerably below the total vote cast in September of Presidential years 1936 and 1940. But they warn that there is danger in any broad generalization such as that a light vote will help the Republicans. A heavy vote was cast in 1928, but the GOP benefitted. In 1946, the GOP gained in Delaware, Nevada and Rhode Island where the vote cast was heavy, being only from five to ten per cent less than in the Presidential year 1944. And in Colorado in 1946, the vote was very light but the Republicans lost a Governor and a Congressman. It would be precarious, say these statisticians, to draw any such conclusion that a light vote will help the GOP; a heavy vote, the Democrats.

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The outcome in Maine aroused no more discussion among political observers than the unexpected rise in the fortunes of the so-called "Dixiecrats". By its surprising capture of Louisiana, the States' Rights Party has again forcefully reminded the country that the new movement must be taken seriously, at least as seriously as the Wallace party. The fact that the Thurmond-Wright ticket now has 45 pledged electoral votes, and good prospects of increasing its score underlines the new Party's importance. Electors pledged at this date are, as follows: Mississippi, 9; Alabama, 11; South Carolina, 8; Louisiana, 10; Florida, 4 (out of 8); Tennessee, 3 (out of 12). Georgia, since the victory of Talmadge, is regarded by States' Rights people as virtually "in the bag". The Party has qualified for the ballot in Kentucky, 11; Virginia, 11; Texas, 23; North Carolina, 14. Spokesmen say that listing is virtually assured in Arkansas, 9; North Dakota, 4; Minnesota, 11; and Maryland, 8. The chances in Oklahoma and Colorado are reportedly uncertain at this time.

States' Rights Party's claims that it has staged a genuine invasion of the North still remain very much in question. Spokesmen are reticent about the nature of their vote-getting approach in the North and actual progress. There seems to have been some blundering in Indiana, where court action has blocked the way. It remains to be seen whether the Thurmond-Wright organization will move out of the category of a purely Southern movement into that of a truly national States' Rights Party, in every sense of that phrase. But one thing is quite clear. The new political party is distinctly what its full name -- "States' Rights Democratic Party" -- implies. It constitutes an attempt to recapture control of the Democratic Party, not to form what is known as a "third party".

Accomplishment of this mission seems much more likely now (after Louisiana) than it did some weeks ago. A new note of confidence has appeared in utterances of key figures and headquarters. Truman headquarters has enjoyed brandishing the threat of expulsion from the Party for those who join "Dixiecrat" ranks. Today, the States' Rights people are talking of turning the tables, of recognizing as real Democrats, after November, only those who subscribe to the doctrine of state home rule. Furthermore, the view is now expressed that in Tennessee, Texas, North Caro-

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lina and Virginia the real contest is between Thurmond and Dewey, not between Thurmond and Truman. Such a claim would have sounded like tall talk a few weeks ago. Today, in Washington, any gathering of newspapermen discusses the new phenomenon and many venture the opinion that the Party will capture a majority of Southern electoral votes. If Louisiana, why not Georgia? If, indeed, Texas and Georgia go "Dixiecrat" in November, the Party's total would come to 89 out of the 127 electoral votes in the 11 Southern states. Can Truman win that many? If he fails to do so, the States' Rights Party will demand recognition on Capitol Hill as the Opposition. And then, to the task of taking over the Democratic Party organization, the Party headquarters, the treasury. . . . Of such by no means insubstantial stuff are the dreams of the States' Rights people.

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In the September Reader's Digest, General Robert E. Wood hails the business future of what he terms the "Gulf Crescent . . . our throbbing new frontier". He foresees this area -- from Brownsville, Texas, to Pensacola, Florida -- doubling its population by 1970, its industry rising on a "chemical trinity" -- acids, hydrocarbons and fresh water, all present "in unlimited quantities". The General does not say so in this piece, but it is reliably reported that his enthusiasm for the Gulf is matched by his pessimism about the East, "a static community". This opinion about the East is not shared by one of our subscribers, Mr. John E. Kelly, an industrial consultant from Massachusetts. Mr. Kelly says that New England, far from relapsing into senility, may well be on the brink of a great industrial revival.

From a brief survey of the facts, it may at least be said that the changing tides of our economy have given another chance to the region which first developed an American industry, then fell behind. The decision of the Supreme Court outlawing the so-called basing point price system has forced New England's hand. As the Boston Herald (August 25) puts it, "abandonment of the system means either that industries using steel must move nearer existing steel plants or new steel plants must be built in areas of large consumption. Up until recently, the high cost of new plants would weigh heavily in favor of the former alternative, a sad blow to New England's growing hard goods industry." But, New England has been presented with an opportunity by two new technological developments in steel production: the oxygenation system, by which the output of a given steel mill can be increased 25 per cent; and the continuous casting method, which permits the efficent use of less costly equipment. Additionally, the discovery and initial exploitation of the Labrador-Quebec iron deposits "at New England's back door" offers unlimited supplies of iron.

The Herald describes these circumstances as New England's "greatest opportunity since the clipper ships". Capital is not lacking, but will the hard-fisted Boston investors disgorge? This week the New England Council is meeting, reportedly in an effort to raise $200,000,000 to back the new steel development. It may be New England's last chance, according to some who have looked into the situation.

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The real Soviet aim behind the purges of Communists in Poland is well understood in Washington official circles. However, those journalists who have been "briefed" by officials either preserve discretion, or their papers prefer subjects with less disturbing implications. We have had the good fortune to interview a well-informed expert on European political conditions who permits us to quote his remarks. He is Irving Brown, European representative of the American Federation of Labor, now on a brief visit to the Capital. Mr. Brown scoffed at the current tendency to place the Polish purges in the same category as the Tito phenomenon; to attribute the whole development to local Communist "nationalism".

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"The purge of Gomulka and others", he said, "is part of a long-range Moscow strategy which is based on Soviet ambitions in Germany. The Russians know that to control Europe, they must obtain all of Germany and especially the industrial power of the Ruhr. To further this end, they must appeal to the German desire to regain all former German-populated territory. Hence, the Russians look forward to the day when they will give to a Soviet-controlled Germany the former German land in the East now occupied by Poland. On that day, they must have a completely subservient Polish Communist Party which will meekly accept such a ukase from the Kremlin. The present purges in Poland are principally motivated by this design. Those in Czechoslovakia are similarly prompted. The Russians might eventually want to return Sudeten Germans to their former homes, from which the Czechs have ousted them; but whether that comes to pass or not, a docile regime in Prague will be necessary to stifle any protests against 'lenient' treatment of Germany."

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Fifteen years ago, the English writer H. N. Brailsford, in his book Property and Peace, described finance and industrialism as the real devils behind imperialism. But he overlooked the possibility that there could be other kinds. The English scholar might well examine the Zionist variety, which today presents the odd picture of a minority group in the country of one Great Power engaging in a land grab, to the embarrassment and with the very reluctant consent of the State Department of that Power. And to further confuse the economic-minded Mr. Brailsford, the Zionists claim that their cause is opposed by "vested" oil interests of the Great Power, the United States.

And if Brailsford, or anyone else, still thinks of Israel as merely a sort of territorial refuge for the innocent victims of Nazism, let him read an Associated Press dispatch (September 7), sent by Daniel de Luce from Jerusalem, and passed by the Israeli censor. Mr. de Luce reports that the spearheads of the underground war against Britain and the Arabs, the Irgun and Stern Gang, now openly boast that in another year they will have taken possession of the neighboring Arab State of Transjordan. "You can hobnob", says de Luce, "with former underground chiefs at teas and cocktail parties where an American Congressman or educator is an honored guest. Over a glass of Palestine brandy you hear the remark: 'May our next drink together be in Amman (capital of Transjordan).' The AP reporter goes on to say that "King Abdullah's kingdom is three times larger than Palestine. . . . Its normal population is 400,000 Moslems and Christians. Now it also has 100,000 Palestinian refugees. The only Jews in Transjordan are 600 war prisoners." Irgun and Stern Gang claims that Palestine and Transjordan are a "single political economic entity" which belongs to the Jews by "historic right". Mr. Brailsford can recognize in these assertions the familiar phraseology of imperialist propaganda.

There is one aspect, however, that has not been typical of the imperialism of modern times. Mr. de Luce reports that Irgun and Stern Gang's most publicized combined operation was a night attack on Deir Yasin village near Jerusalem last spring. A Stern Gang spokesman told a news conference afterward that more than 250 Arab villagers had been slain, more than half women and children. The Stern newspaper Mivrak editorializes: "Everybody knows that it was the Deir Yasin attack that struck terror into the hearts of the Arab masses and caused their stampede -- that blessed miracle which has strengthened us and dealt the enemy a far greater blow than all the combined wisdom of Haganah commanders could have done. We hope . . . no more crocodile tears will be shed over the atrocities of Deir Yasin." The records of the capitalistic imperialisms show no such barefaced exultations. Even the totalitarian imperialisms of Nazi Germany and Soviet Russia sought to conceal their butcheries. If the above information is typical, one must go far back in history to the Dark Ages for a prototype of Zionist imperialism.

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Notes and Quotes

The New York Times (September 9) now says that the spy probe has "alerted the nation" to the dangers of Communist infiltration. We doubt that the accomplishment has been as widely effective as the Times claims. It is true that the House Un-American Activities Committee (it would have been gracious of the Times to pay tribute to that group) has performed a highly educational task by exposing the way in which the Communist network operates. But this instructional work encounters its area of highest resistance, not among the allegedly dumb "common people", but in the institutions of higher learning.

We receive from up-state New York a monthly newsletter, Country Almanach, which is redolent of the independent thinking of rural America. The editor, Mr. Genung, is well aware of what the Commies are up to and has some things to say about the influence of Wallace on college youth. He remarks: "The fact that the Wallace gyrations do attract a good many intelligent young folks is a fact that should set some of us older and slightly calcified intellects to thinking." The Country Almanach editor took in recently what he calls the "Wallace rodeo" at a university (was it Cornell?). "We talked", he says, "with and listened to innumerable young men and women who had turned out to see the darling of the Reds. They exhibited a surprising interest in the man personally, shrugged off his Red cohorts, and generally made clear a disaffection with everything orthodox in parties, leaders and issues. . . . They tagged him around the campus and later in the day foregathered over steins of beer in downtown cafes and darkly prophesied the doom of capitalism as now upheld by tycoons and warmongers." However, Mr. Genung is not too worried. "Of course, we personally recall quite well having joined some such club or other as a sophomore, which was dedicated to the study and furtherance of Mr. Marx's philosophy. And look at us now!"

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Obiter dicta. Henry Beston writes to us: "Roosevelt and Churchill, both of whom enjoyed the war like a trip to an amusement park, presented the world to the Russians neatly wrapped in brown paper, and the Russians are now very naturally tearing the parcel open; all to that strange sound, half-whistle, half-hiss, a bear makes when it is interested."

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Under a Buenos Aires date-line (September 9), a radio report says: "Peron made his most vigorous political speech in defense of the working classes. He said that the principles of Peronism must be incorporated into the Constitution and demanded that those who carry it out abide by it or be jailed." The rest of the harangue recalled the fantastic atmosphere (composed in equal parts of threats of jailing and praise of the "laboring masses") evoked by Evelyn Waugh in his delicious satire on totalitarian countries, Neutralia. What Waugh, however, fails to paint are the economic results of the new Caesarism. An American exporter fills this gap for us in an interesting letter embodying his impressions during a recent trip to Peron-land.

"The first batch", he writes, "of Italian immigrants after this war arrived (in Argentina) about two months ago. They took a good look at things, and then all decided to go back to Italy. Reason: They found out that the New World no longer is a hemisphere in which penniless Italian immigrants, with ability and hard work, can acquire wealth within a reasonable time. Everywhere they ran up against Government restrictions, increased income taxes, labor cards, etc. Except for the fact that they could eat more plentifully and dress better, they were of the opinion that life was much more agreeable in Italy. No doubt the virulent jingoism from which practically all of our Latin American friends are suffering today also contributed to make them feel uncomfortable in their new surroundings."

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European Supplement *to* Human Events September 15, 1948

By Bertrand de Jouvenel

The fever belt of Europe is at this moment France. The crisis there endangers the revival in common of Western Europe. Implicit in the strategy of this revival was the fight to be waged by European democratic governments against inflation -- a fight from which the Communists alone stood aloof in opposition. In France today the effort to stop inflation has weakened and ministerial coalitions pledged to that effort have dissolved. Inflation may carry the day and the Socialists may again make common cause with the Communists in opposition.

At the beginning of September, Premier Schuman was confronted by a terrible choice, which in the end he had to decline making. The wage earners' claims are pressing; they are also unanimous and warranted. Surrender to them means an abrupt descent into the inflationist depths; refusal of them means joining battle with the entire working class and handing them back to the control of the Communists, while sealing again for the Communists their alliance with the Socialists, who are terrified at the prospect of being parties to what seems to them an anti-social policy. The choice lies between two paths each of which leads to the downfall of the regime and the coming of personal rule. It will be nothing short of a miracle, which may of course happen, if the Fourth Republic is able to survive.

The proximate cause of the crisis is high prices. The social history of the after-war period is characterized in France, as elsewhere, by the course taken by prices and wages. Prices rise and their rise whittles away the purchasing power of wages; the real wage falls to rock bottom. When that point is reached, a store of deferred wage claims is touched off and a general rise in wages is obtained: the real wage momentarily moves up. But now a fresh rise in prices is unleashed, which starts to nibble anew at purchasing power. So the real wage sinks and the whole cycle starts afresh.

There is, however, a difference of capital importance between the French cycle of wages and prices and the American cycle. The real wage in the United States, even at the moment of touching the rock bottom which precedes readjustment, still represents a purchasing power superior to that of pre-war days. The real wage in France, even at the moment of reaching the temporary maximum which succeeds the rise in wages, still represents a purchasing power inferior to that of pre-war days.

The situation is one which deserves statistical demonstration but our best experts are all agreed that such demonstration is impossible. For wages we have no reliable statistics and our index of retail prices is vitiated by the fact that it takes no account of black market prices. That index was, in 1945 and 1946, unduly low, for it was based on official prices which lacked all reality. In many cases much higher prices had to be paid if the goods were actually to be purchased. With every removal of a control, the index rises at a greater pace than actual expenditure rises: the reason for its upward jumps is that actual prices have to that extent taken the place of fictitious prices.

If, notwithstanding these statistical difficulties, it is sought to give a rough idea of the situation, this may be said. The post-war economic picture in France has been relatively good when the wage per hour stood at 70 per cent of its 1938 purchasing power, and has become very bad when the wage went down to 60 per cent of that purchasing power.

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The situation seems to have been relatively good at the time when, in the early summer of 1946, the Communists launched a campaign for a rise in wages. This had the effect of disturbing an equilibrium found acceptable and of setting in motion

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once more the inflationist cycle. The situation of the wage earners is no longer good today: it is indeed bad to the point of stimulating revolt. Already in April, last, the level of wages was seen to be nine times higher than that of pre-war, whereas that of retail prices was 15 times higher. The then Government, over which M. Schuman presided and in which M. Mayer was Minister of Finance, set its face against rises in wages and promised a lowering of prices.

Prices, however, have not been lowered, and the level of retail prices has now risen to nearly 17 times its 1938 level. The remarks of housewives out shopping are, this early September, very revealing: the women are certain to propel their menfolk along the path of wage-claims. The prices of certain things are scandalous and vexatious to the last degree: in his Ministerial declaration M. Schuman stated that meat has risen to 23 times its 1938 price level. The economists are trying their hand at analyzing this rise, which happens in Paris more than elsewhere, every summer, but this year is greater than ever. It smacks of paradox that the prices of foodstuffs should go up just when the population of the city is down because of vacations. The explanation favored is that, if housewives are buying less in summer, restaurants and hotels, which serve a tourist clientele at high prices, are buying much more.

This situation, however it has come about, calls loudly for rises in wages. The trade unions are beyond all question right when they complain that the wage earners' share in the national income has been whittled down. It is due for an increase. Unfortunately, however, rises in wages do not give this increase, for the habits acquired during the period of price control are still playing havoc and sellers make a rise in their most important item of cost an excuse for putting up proportionately the prices of what they sell. Competition should in theory prevent this from happening, but there is practically no competition. It pays nobody to sell more cheaply than his neighbor, for there are still too many obstacles in the shape of controls and formalities to permit increased sales for the man who lowers prices.

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The real origins of our present difficulties must be sought in the policy followed ever since the Liberation. At that time the franc could have been stabilized at a third of its pre-war value, but wisdom was out of fashion and it was decided to embark on policies, military and social, which were extremely costly. Militarily it was sought to justify France's place among the Big Four -- a place which reason alone would have assured her; the social measures were designed to implement the promises rashly made that the Liberation should be a revolution as well. The military expenditure of a thousand milliards incurred since the Liberation does not today assure us our security against the only danger seen on the horizon. And as for the vast apparatus of Social Security, it shows itself today for what it is -- one of the principal engines in the depression of wages: the labor costs of an industrial employer are more than a third higher by reason of the various payments he must make in his own name or the worker's, and in the end the net wage which the worker draws falls by a like amount.

Even in the act of following an inflationary policy, one Government after another struggled to check its consequences by controlling the prices of the essential ingredients in the cost of living. The result was a distortion of prices which only served to discourage essential production. For instance, the acreage sown with wheat had, in 1947, fallen to a half of what it was in 1914! So too, the purchasing power of a landlord of a dwelling-house has fallen to less than a seventh of what it had been before the war -- so that he can carry out no repairs. Among the minor victims of eclectic controls may be numbered the Parisian taxi-drivers, now unable to meet either the maintenance or replacement of their jalopies. Among the major victims are the nationalized industries, the purveyors of transport,

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electricity or coal. Now that it has turned "captain of industry", the State struggles to keep low its charges for goods and services. In consequence State enterprises, like the railroads, cannot even maintain their equipment. Nevertheless, the State is simultaneously planning an enormous scheme of re-equipment, for which all the cost must be provided by the Treasury. This has driven the State, and with every day that passes drives it a little further, along the parallel paths of deficit-budgeting and inflation in its various shapes.

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The sum of the State's inflationary activities, combined with its struggles to control the prices of the goods most in demand, could not but give a powerful stimulus to the black market, the more so as all moral repugnance thereto had been removed under the Occupation. Then, the flouting of regulations assumed a patriotic air and that psychology has continued. Now, extension of the black market has brought about a vast transfer of income from the legitimate producer to the unlawful trafficker. It has been calculated that the black market in petrol alone was worth two milliards a month in receipts to those who were engaged in the traffic.

The correction of a bad policy is not easy and brings suffering in its train. The crying needs of the moment are the restoration of the price mechanism; the raising of rents so that house property will be kept in repair; the raising of the price of transport services, electricity and coal so that the working deficit of the nationalized industries will not bankrupt the Treasury; the raising of the price of wheat so that agriculture will not fall into a decline. All these rises in price bear heavily on the consumer. And it passes his comprehension that those who talk of lower prices should set about raising them. He does not see that the prices of some things need to go up and those of others down. He is the less able to see it, because the prices which should go down do <u>not</u> go down. They rise in sympathy with the ascending movement which the State itself has given to certain prices.

True it is that a rise in the prices of the goods and services which were to be had too cheaply, combined with the termination of the deficit on public account, should, logically, bring down the price of whatever was too dear, by placing the consumer in a position in which he is forced to curtail his purchases. This is the orthodox remedy and M. Paul Reynaud is credited with being its prophet. But it leaps to the eye that those first hit by it are the poorest, and that it cannot but stir the workers to revolt. Therefore it is not surprising that the trade unions have found this remedy unacceptable and that the Socialists have wanted to keep their name out of it.

Today, in truth, economic medicine seems powerless to cure the situation which has been allowed to develop. There must be, no doubt, recourse to the surgeon's knife, to a monetary reform of the most drastic character conceived with a view to re-deploying purchasing power so that a larger proportion of it is expended on the effective encouragement of essential production.

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The feature in the French situation which is most surprising to the foreigner is that French political circles are, with only a few exceptions, quite at sea in it. The reason for this is that the average Deputy has no education in economics whatever and does not want to listen to the explanations which many a first-rate official could give him.

The traditional fare of French parliamentary institutions is passionate debates on ethical problems, favorite among which was over many years the clericalism-

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secularism battle. While things of that kind occupied the attention of Parliament, the State was served and the nation administered by a body of first-rate officials -- of whom it may be said that they first came to power in the early years of the Thirteenth Century when Philip the Fair took away the management of his Treasury from the Knights Templar and entrusted it to officials. They have remained in power ever since. It is this body of officials, devoted to the service of the State and progressive in its outlook, which has, under each successive regime, kept the wheels of the nation's life turning. The drawback to what is in reality a monarchical constitution veiled by republican forms is that it has enabled electors and their representatives alike to remain in such a state of political ignorance as would otherwise be inexplicable in a country famous for its intelligence. When this ignorance turns aggressive and meddlesome, the consequences are, as we are now seeing, disastrous. Disaster comes about every time that the political parties have turned their muddle-headed energies to effecting comprehensive reforms: the upshot was on one occasion called Napoleon Bonaparte and on another Louis Bonaparte. What name it bears today is known to everyone. It would be time wasted to enlarge on the basic evils of personal rule. But more than apprehension is needed to keep it at a distance.

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Since the foregoing analysis was begun, would-be Prime Ministers have been putting together Cabinets like crossword puzzles. M. Schuman succeeded so far as to get a numerous group together in front of a camera. On the morrow it had been swept away. Now we await the outcome for courageous Dr. Queuille.

The serious reason which prevents the formation of any stable Government I gave previously: the opposition of the Socialists to the disinflationary policy. But that is by now less operative than the various exasperations evoked in the different groups and the resentments evoked in various bosoms by the course of the crises itself. Do not believe for a moment that the French public is following the course of events with breathless anxiety. News vendors and newspaper publishers will tell you that the sales of papers in fact go down because too much space is given to political news which bores the reader.

In the mind of the average citizen there is no doubt that these are the death throes of the Fourth Republic. It dies without dignity as it lived. No one doubts that de Gaulle is coming in: the only question is how in fact the transfer shall be worked, which, after all, is a very minor point. It is certainly not popular enthusiasm which is blowing his ship into port. It is the lack of any alternative.

The Communist brain trust is said to be delighted: which is understandable enough. It looks forward to denouncing the American policy as "Wall Street supporting Franco in Spain, de Gaulle in France". Further it fondly hopes that the new regime will embark upon the illiberal policies almost inevitably associated with personal power and thus drive freedom-lovers into a resistance the benefits of which they hope to reap again.

To finish this sad recital on a lighter note: the other day all official motorcars provided with the tricolor sign -- and God knows how many there are -- were stopped in the street by the police. This gave the privileged a thrill: was a putsch on its way?

It had merely happened that a precarious collaborator of a precarious Minister had had his sign, hastily fitted with the cocard, stolen from him. So a search for it was made. The police enjoyed the job. Seldom has any oligarchy been more despised than that which has misused the spoils of power in France in the last three years.

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